

# **TELEMARKETING PROTECT YOURSELF FROM TELEFRAUD**

## **WHAT IS A BOILER ROOM?**

At the heart of a telefraud operation is an office filled with desks, telephones, and sales people who spend their days calling hundreds of people all over the country.

A telemarketer may contact you if you respond to a newspaper ad or fill out a card asking for more information about an investment. Or, you might be called “cold,” your name taken from the phone book or a list of credit card holders.

Telemarketers often spend years going from fraud to fraud. Their years of experience and natural selling ability make them very good at what they do. They use persuasive sales pitches that weave together facts and half-truths for added credibility. For example, they may offer a “hot deal” regarding products that have recently been in the news.

To close a deal, a seller might also offer you phony statistics, certificates of authenticity, or money-back guarantees. The basic sales pitch, however, almost always contains three elements: a promise of large and rapid profits, at virtually no risk, if you invest today.

## **GOOD QUESTIONS:**

Whenever you receive a telephone call about investments, ask the caller these questions.

1. How did you get my name?  
If they say you were recommended, ask by whom. If they say they got your name from a list, ask which list.
2. What, exactly, is involved in this investment?  
Swindler's schemes usually involve exotic investments with which few people are familiar. Whenever you invest, stick to businesses that you understand and with which you feel comfortable.
3. How much risk is involved?  
All investments involve some degree of risk; usually, the higher the return, the greater the risk.
4. Are you, your firm, and security you are offering all registered in Arizona?  
If the answer is yes, call the Arizona Corporation Commission's Securities Division to verify the registration before investing. **DO NOT INVEST** and then call.

5. What happens if I decide I want to sell later?  
Make sure you can get your money back, and that you understand the terms.  
If you cannot get a straight answer to this question, be suspicious.
6. Can you send me a written explanation of your proposal? Can we meet to discuss this further? Would you explain this investment to my lawyer or accountant?  
A legitimate salesperson will probably be happy to do any or all of these things for you. A swindler will not.

***If you do not receive satisfactory answers to any questions you ask, DO NOT INVEST!***

## **INVESTOR TIPS**

- Never send cash through the mail or give it to a messenger sent by the salesperson, and never give a credit card number over the phone.
- Keep all correspondence and take notes on all conversations regarding an investment.
- Do not be pressured into buying by “tomorrow will be too late” tactics. No legitimate broker will rush you into an investment. High pressure is a good indicator of fraudulent operations.
- Beware of testimonials. Fraudulent companies sometimes hire people to claim that the firm’s investments brought them wealth. Other con artists exploit the trust that members of churches and fraternal organizations have for one another: When one member of a group invests, the promoter uses that person as an unwitting accomplice by citing his or her investment to convince other group members to invest also.
- If in doubt, do not invest. It is better to be safe than sorry. Also, if you become suspicious, get out of the investment. Stop payment on your check or demand your money back.
- If, after careful consideration, you decide to invest, keep your initial investment small. Pressure to put all your savings into a single investment is a sign of a scam. Most reputable stockbrokers believe that diversification is a wise safeguard. Also, **NEVER INVEST MORE THAN YOU CAN AFFORD TO LOSE!**

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